



KPJ HEALTHCARE BERHAD

## SUSTAINABLE HEALTHCARE

*KPJ Healthcare is the leading provider of private healthcare services in Malaysia. We deliver high standards of care to our patients, with integrity and compassion.*



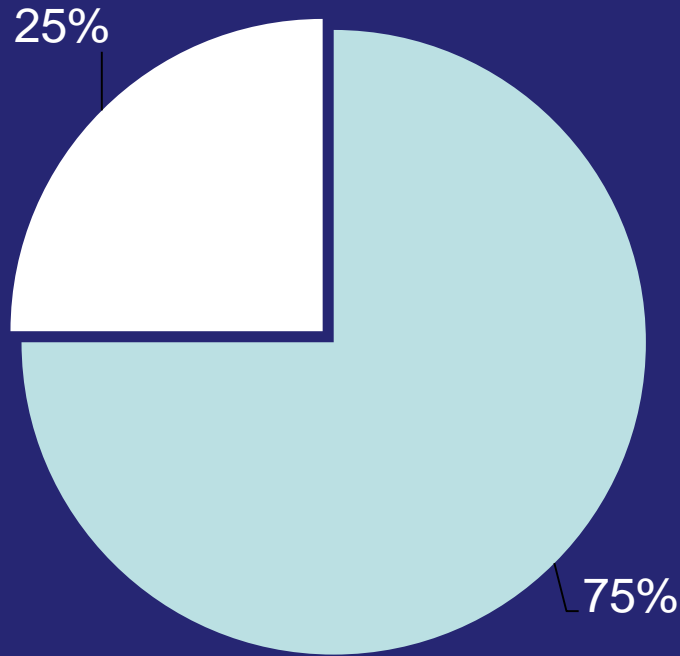
# KPJ HEALTHCARE BERHAD

3Q2018

# Healthcare Industry in Malaysia

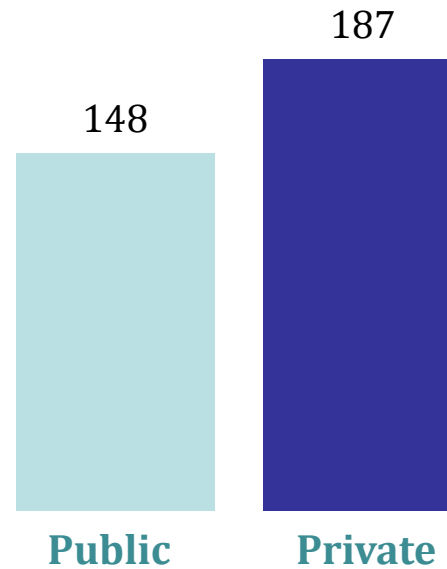
Malaysia Healthcare System 2016

## Healthcare Provider

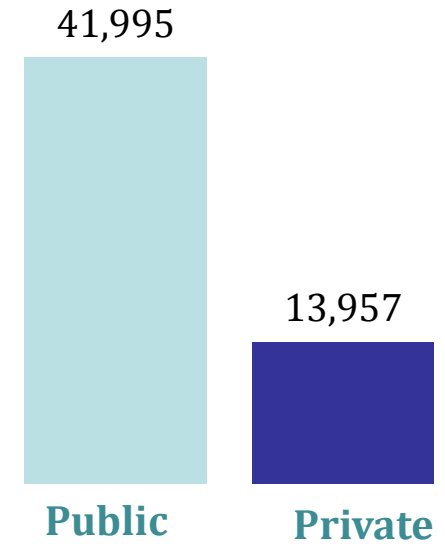


Legend :  
Public ■  
Private ■

## No. of Hospitals



## No. of Beds



## Other info:

Public	No
Health & Dental Clinics	4,920
Mobile Health & Dental Clinic Team	826
Inpatient (pax)	2,571,880
Outpatient (pax)	63,774,109

Private	No
Maternity & Nursing Homes	10
Ambulatory care	73
Medical clinics	7,335
Dental clinics	1,992
Inpatient (pax)	1,073,039
Outpatient (pax)	4,894,737

# Healthcare Industry in Malaysia

## Competitive Advantage

### Malaysia - Top 5 Countries with the Best Healthcare System in the World

<https://internationalliving.com/countries-best-healthcare-world/>

#### **Hospital facilities**

- modern & high international standards
- Accreditation by MSQH (\*55 Private Hospitals Nationwide of which 20 are KPJ Hospitals)
- Accreditation by JCI (10 Private Hospitals Nationwide of which 4 are KPJ Hospitals) *\*As at October 2018*

#### **Health Tourism**

- among the world's most favored destinations

#### **Latest Medical Equipment**

- diagnostic and therapeutic resources
- endoscopic suites, cardiac catheterization, oncology suites and MRI

#### **Cost**

- low cost
- very competitive pricing
- lower than neighboring countries

# Healthcare Industry in Malaysia

## Sources of Funding for Healthcare Expenses

### TREATMENT FUNDING

KPJ Is mindful of the various ways through which treatment is funded for our patient



**Healthcare Insurance**



**Corporate Clients**

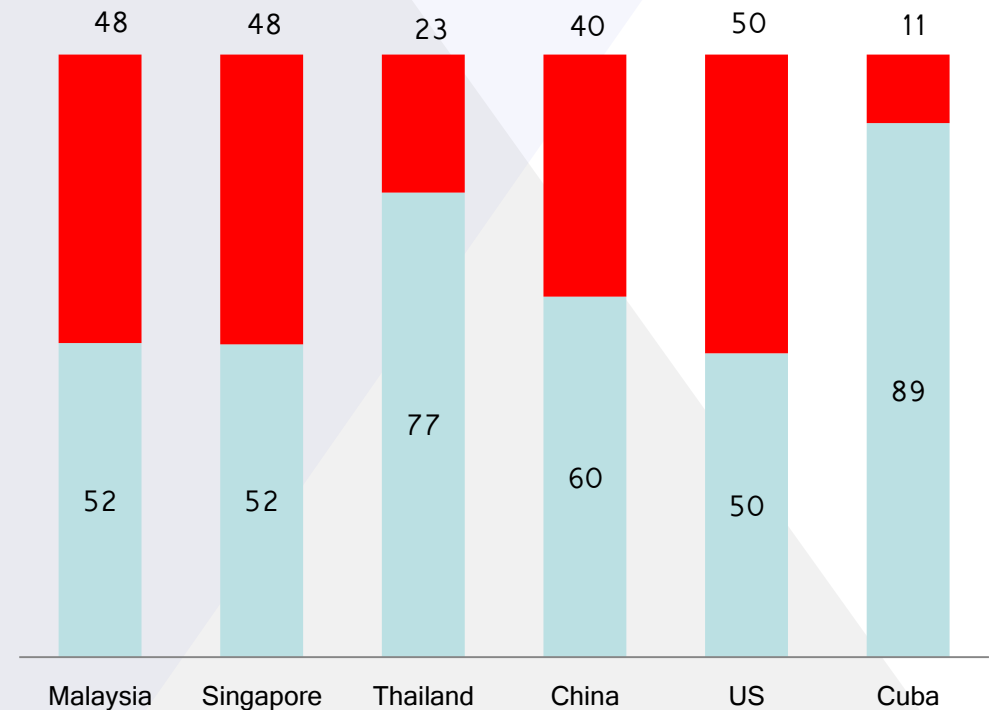


**Out of Pocket**

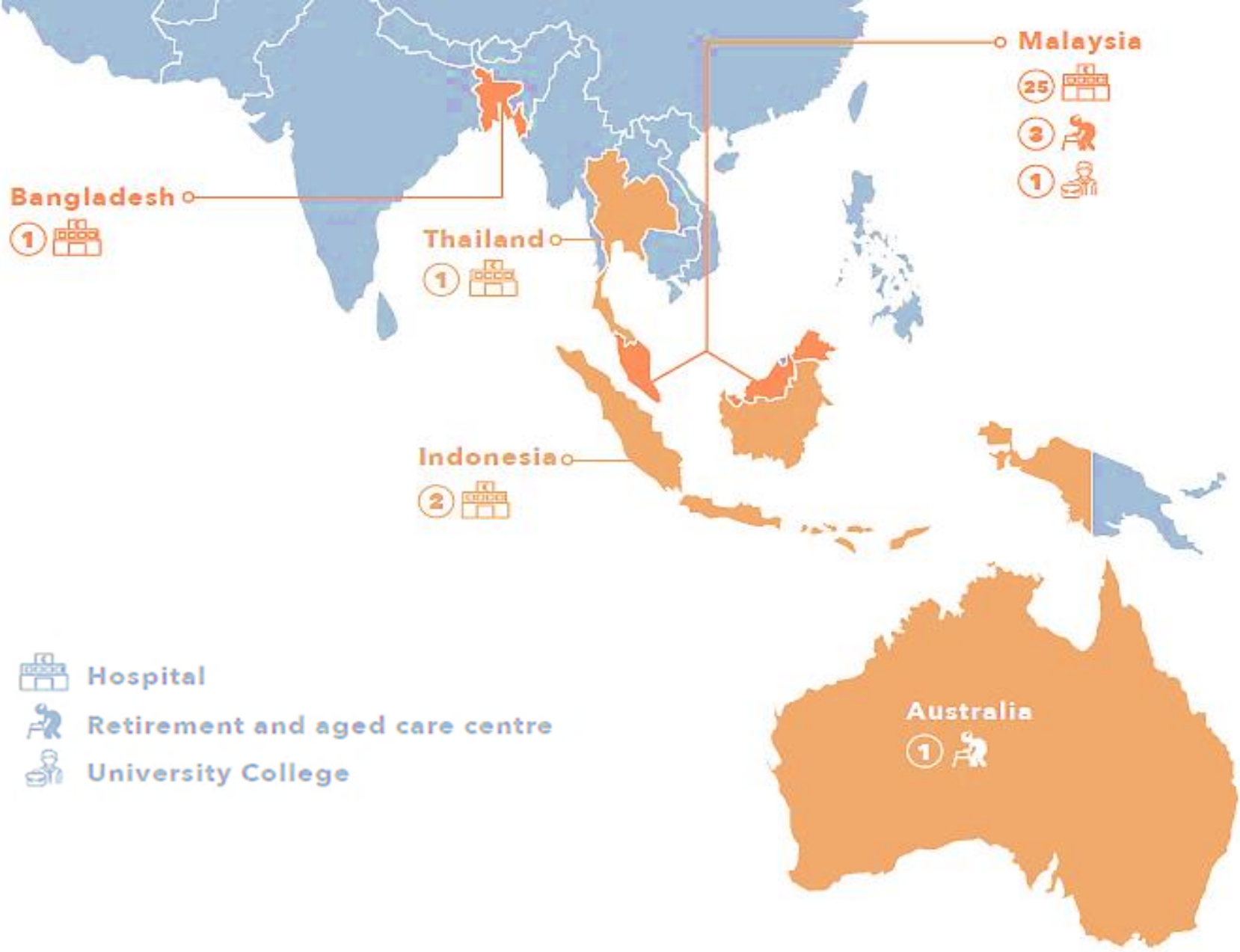
### Public vs Private Healthcare Expenditure %

2015

Public Private

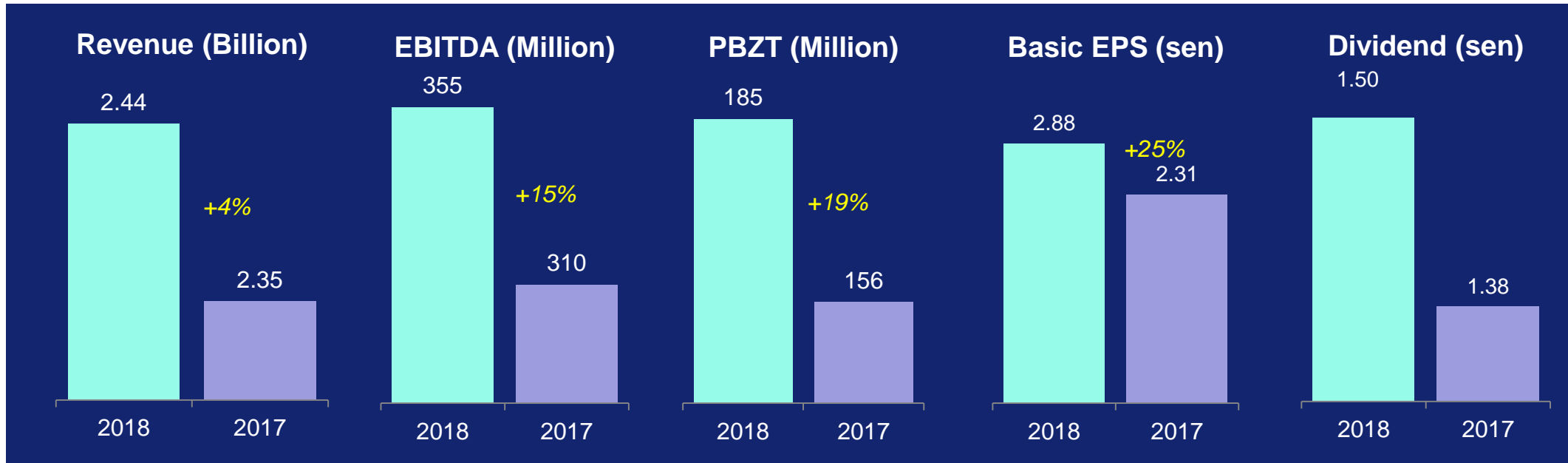


Source : 2018 World Development Indicators



# Our Presence

# 2018 Highlights as at 3Q2018



**+1.5%**

Outpatients

2018 – 1,888,643

2017 – 1,859,916

**+2.6%**

Inpatients

2018 – 221,077

2017 – 215,499

**-1.5%**

Occupancy Rate

2018 – 65%

2017 – 66%

**+0.3%**

No. Operating Beds

2018 – 3,060

2017 – 3,052

**-3.5%**

Avg Length of Stay

2018 – 2.46 days

2017 – 2.55 days

**+1.5%**

Consultants

2018 – 1,030

2017 – 1,015

# ABOUT KPJ Shareholdings Stats



**45.1%**



JOHOR CORPORATION

**10.75%**



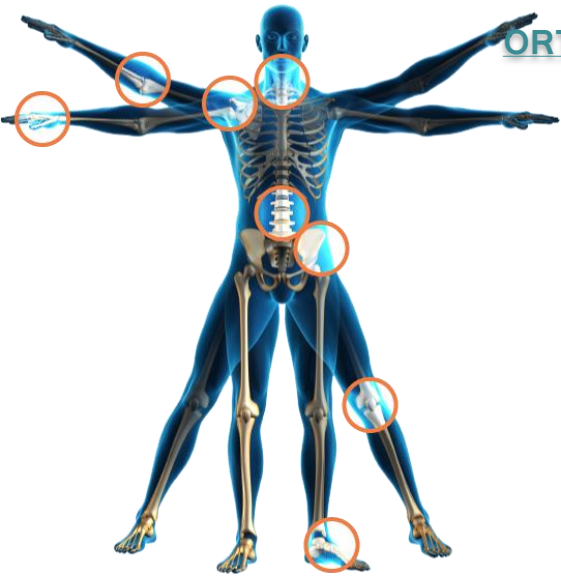
**5.05%**



**7.05%**

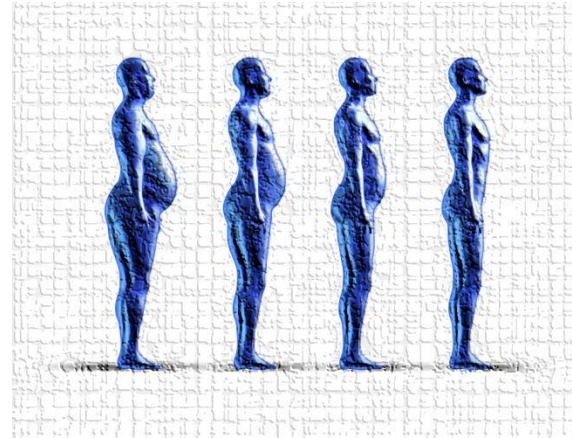
**FOREIGN  
SHAREHOLDERS**

# KPJ's Niche Services



## ORTHOPEDIC CARE

- ✓ KPJ Ampang Puteri
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Kajang
- ✓ Kedah
- ✓ KPJ Penang
- ✓ KPJ Perdana
- ✓ KPJ Selangor
- ✓ KPJ Seremban
- ✓ KPJ Tawakkal

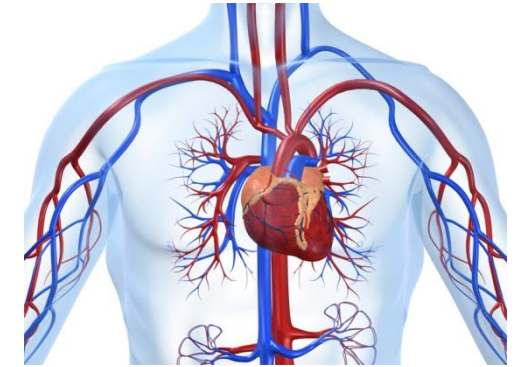


## BARIATRIC (Obesity) SURGERY

- ✓ KPJ Damansara

## CARDIOLOGY

- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor



## RECONSTRUCTIVE & PLASTIC SURGERY

- ✓ KPJ Ampang Puteri
- ✓ KPJ Damansara
- ✓ KPJ Johor

## ONCOLOGY (Cancer)

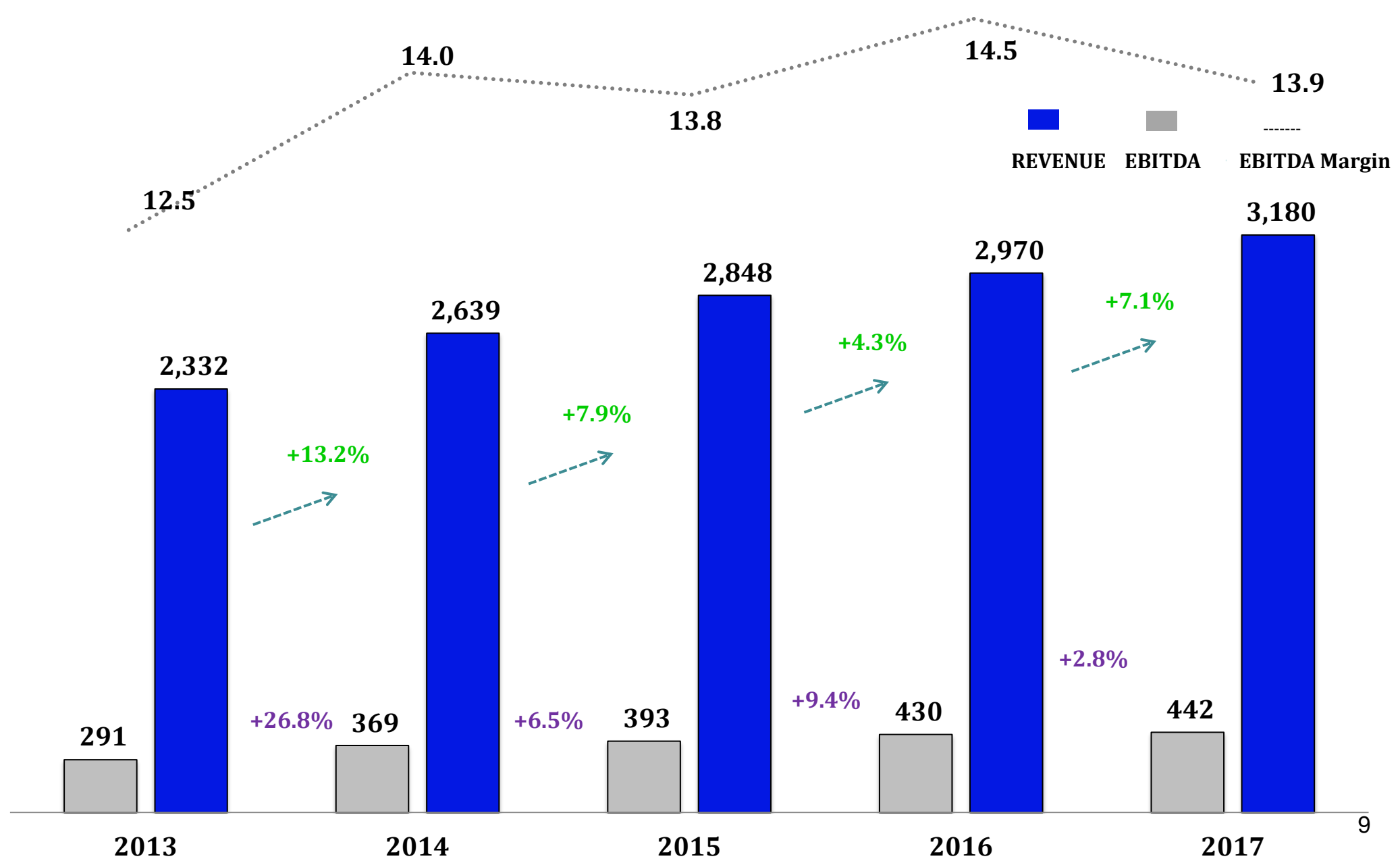
- ✓ KPJ Damansara
- ✓ KPJ Ipoh
- ✓ KPJ Johor
- ✓ KPJ Selangor
- ✓ KPJ Ampang Puteri



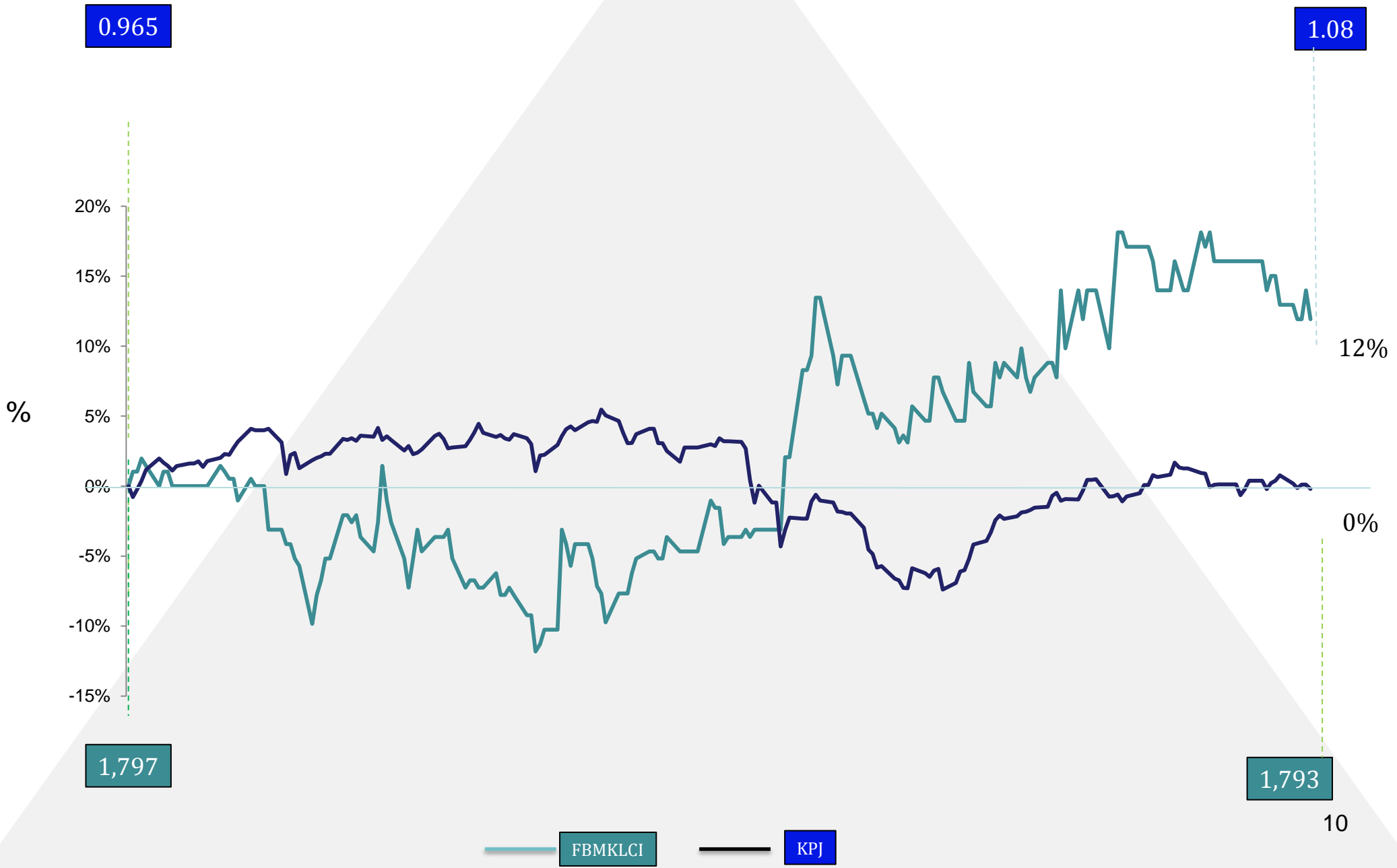


# FINANCIAL TRENDS

## KPJ 5 years Revenue & EBITDA



# KPJ Share Price vs FBMKLCI as at 30 September 2018



# Group Financials 3 months ended – 30 September 2018

	3Q/2018	2Q/2018	3Q/2017	Sequential	Y-o-Y
RM'000	RM ('000)	RM ('000)	RM ('000)	Var (%)	Var (%)
Revenue	820,560	801,329	788,433	2.4	4.1
<b>Gross Profit</b>	<b>255,447</b>	<b>242,716</b>	<b>229,294</b>	<b>5.2</b>	<b>11.4</b>
Profit from Operations	75,347	73,963	54,873	1.9	37.3
Finance Income	2,059	3,161	3,165	(34.9)	(34.9)
Finance Cost	(21,820)	(22,504)	(16,780)	3	30.0
Share of Results from associates	7,352	6,799	9,682	8.1	(24.1)
<b>Profit before zakat and tax</b>	<b>62,938</b>	<b>61,419</b>	<b>50,940</b>	<b>2.5</b>	<b>23.6</b>
Zakat	(1,049)	(1,589)	(726)	(34.0)	44.5
Taxation	(20,136)	(14,837)	(16,542)	35.7	21.7
<b>Profit after zakat and tax</b>	<b>41,753</b>	<b>44,993</b>	<b>33,672</b>	<b>(7.2)</b>	<b>24.0</b>
(Loss)/Profit from discontinuing	(666)	(417)	(583)	59.7	14.2
<b>Net profit for the year</b>	<b>41,087</b>	<b>44,576</b>	<b>33,089</b>	<b>(7.8)</b>	<b>24.2</b>
Equity holders of company	41,301	42,337	30,555	(2.4)	35.2
Non-controlling interest	(214)	2,239	2,534	(109.6)	108.4
<b>Net profit attributable to shareholders</b>	<b>41,087</b>	<b>44,576</b>	<b>33,089</b>	<b>(7.8)</b>	<b>24.2</b>
Basic EPS (sen)	0.50	0.50	0.40		

# Group Financials 9 months ended – 30 September 2018

	3Q/2018	3Q/2017	Y-o-Y
RM'000	RM ('000)	RM ('000)	Var (%)
Revenue	2,444,772	2,346,270	4.2
<b>Gross Profit</b>	<b>748,936</b>	<b>697,732</b>	<b>7.3</b>
Profit from Operations	220,112	180,442	22.0
Finance Income	6,240	9,786	(36.2)
Finance Cost	(64,591)	(57,454)	12.4
Share of Results from associates	23,482	23,449	0.1
<b>Profit before zakat and tax</b>	<b>185,243</b>	<b>156,223</b>	<b>18.6</b>
Zakat	(3,713)	(2,937)	26.4
Taxation	(49,778)	(42,995)	15.8
<b>Profit after zakat and tax</b>	<b>131,752</b>	<b>110,291</b>	<b>19.5</b>
(Loss) / Profit from discontinuing	(603)	(5,694)	89.4
<b>Net profit for the year</b>	<b>131,149</b>	<b>104,597</b>	<b>25.4</b>
Equity holders of company	126,120	100,991	24.9
Non-controlling interest	5,029	3,606	39.5
<b>Net profit attributable to shareholders</b>	<b>131,149</b>	<b>104,597</b>	<b>25.4</b>
Basic EPS (sen)	2.88	2.31	

# Key Ratios 3 months ended – 30 September 2018

	3Q/2018	2Q/2018	3Q/2017	Sequential	Y-o-Y
	%	%	%	Var	Var
Gross Profit (GP) Margin	31.1	30.3	29.1	0.8	2.0
Profit Before Zakat Tax (PBZT) Margin	7.7	7.7	6.5	0.0	1.2
Net Profit Margin	5.1	5.6	4.3	(0.5)	0.8
EBITDA Margin	14.5	14.8	13.2	(0.3)	1.3
PATAMI Margin	5.1	5.3	3.9	(0.2)	1.2
Dividend per share (sen)	0.5	0.5	0.4	0.0	0.1
Debt Equity Ratio	0.8	0.85	0.9		(0.1)
Net assets per share (RM)	0.4	0.4	0.4	-	-

# Key Ratios 9 months ended – 30 September 2018

	3Q/2018	3Q/2017	Y-o-Y
	%	%	Var
Gross Profit (GP) Margin	30.6	29.7	<b>0.9</b>
Profit Before Zakat Tax (PBZT) Margin	7.6	6.7	<b>0.9</b>
Net Profit Margin	5.4	4.7	<b>0.7</b>
EBITDA Margin	14.5	13.2	<b>1.3</b>
PATAMI Margin	5.2	4.4	<b>0.8</b>
Dividend per share (sen)	1.5	1.4	<b>0.1</b>
Debt equity ratio	0.8	0.9	<b>(0.1)</b>
Net assets per share (RM)	0.4	0.4	<b>-</b>

# Segmental Financial Highlights

	3Q2018	3Q2017	Var (%)
Revenue	RM ('000)	RM ('000)	
Malaysia	2,369,930	2,265,293	4.6
Indonesia	31,052	37,594	(17.4)
Australia	44,289	43,867	1.0
PBT			
Malaysia	192,112	159,036	20.8
Indonesia	(2,905)	1,256	(331.3)
Australia	(603)	(5,694)	89.4
EBITDA			
Malaysia	353,793	304,181	16.3
Indonesia	2,782	6,413	(56.6)
Australia	2,488	(1,863)	233.5

# Segmental Operational Highlights

	3Q2018	3Q2017	Var (%)
<b>Outpatients</b>			
Malaysia	1,888,643	1,859,916	1.5
Indonesia – RS PH	38,902	35,047	11.0
Indonesia – RS BSD	50,561	56,891	(11.1)
Dhaka –SFMMK	81,767	59,112	38.3
<b>Inpatients</b>			
Malaysia	221,077	215,499	2.6
Indonesia – RS PH	3,846	3,313	16.1
Indonesia – RS BSD	2,084	2,948	(29.3)
Dhaka –SFMMK	3,137	2,717	15.5
<b>Consultants</b>			
Malaysia	1,030	1,015	1.5
Indonesia – RS PH	63	55	14.5
Indonesia – RS BSD	43	42	2.4
Dhaka –SFMMK	39	31	25.8



# Segmental Operational Highlights

	3Q2018	3Q2017	Var (%)
<b>No of Beds</b>			
Malaysia	3,060	3,052	<b>0.3</b>
Indonesia – RS PH	88	92	<b>(4.3)</b>
Indonesia – RS BSD	68	66	<b>3.0</b>
Dhaka –SFMMK	50	50	<b>-</b>
<b>Occupancy Rates %</b>			
Malaysia	65	66	<b>(1.5)</b>
Indonesia – RS PH	55	35	<b>57.1</b>
Indonesia – RS BSD	28	34	<b>(17.6)</b>
Dhaka –SFMMK	71	47	<b>51.1</b>
<b>Average length of Stay</b>			
Malaysia	2.5	2.6	<b>(3.8)</b>
Indonesia – RS PH	3.5	3.5	<b>-</b>
Indonesia – RS BSD	2	2	<b>-</b>
Dhaka –SFMMK	3.1	2.9	<b>6.9</b>

# Segmental Average Revenue Highlights

	3Q2018	3Q2017	Var (%)
Average Revenue – per bed			
Malaysia	541,941	499,786	8.43
Indonesia	125,190	162,140	(22.79)
Dhaka –SFMMK	96,109	65,978	45.67
Average Revenue – per outpatient			
Malaysia	341	339	0.50
Indonesia	183	147	24.30
Dhaka –SFMMK	384	82	370.13
Average Revenue – per inpatient			
Malaysia	7,501	7,370	1.78
Indonesia	3,293	4,092	(19.52)
Dhaka –SFMMK	1,532	1,214	26.17

# Senior Living Care

Hospitals / Facilities	3Q2018	3Q2017	Var (%)
<b>Australia – Jeta Gardens</b>			
Aged Care Facility (ACF)	180	180	–
Retirement Villas	33	33	–
Apartment Unit	32	32	–
No of Residents	169	162	4.3
Occupancy Rate (ACF) (%)	94	91	3.3
<b>Tawakkal Health Centre</b>			
No of Beds	42	42	–
No of Residents	33	22	50.0
Occupancy Rate (%)	78	52	50.0
<b>Sibu Geriatric</b>			
No of Beds	28	28	0.0
No of Residents	31	26	19.2
Occupancy Rate (%)	111	93	19.4
<b>Kuantan Health Centre</b>			
No of Beds	14	–	–
No of Residents	11	–	–
Occupancy Rate (%)	66	–	–

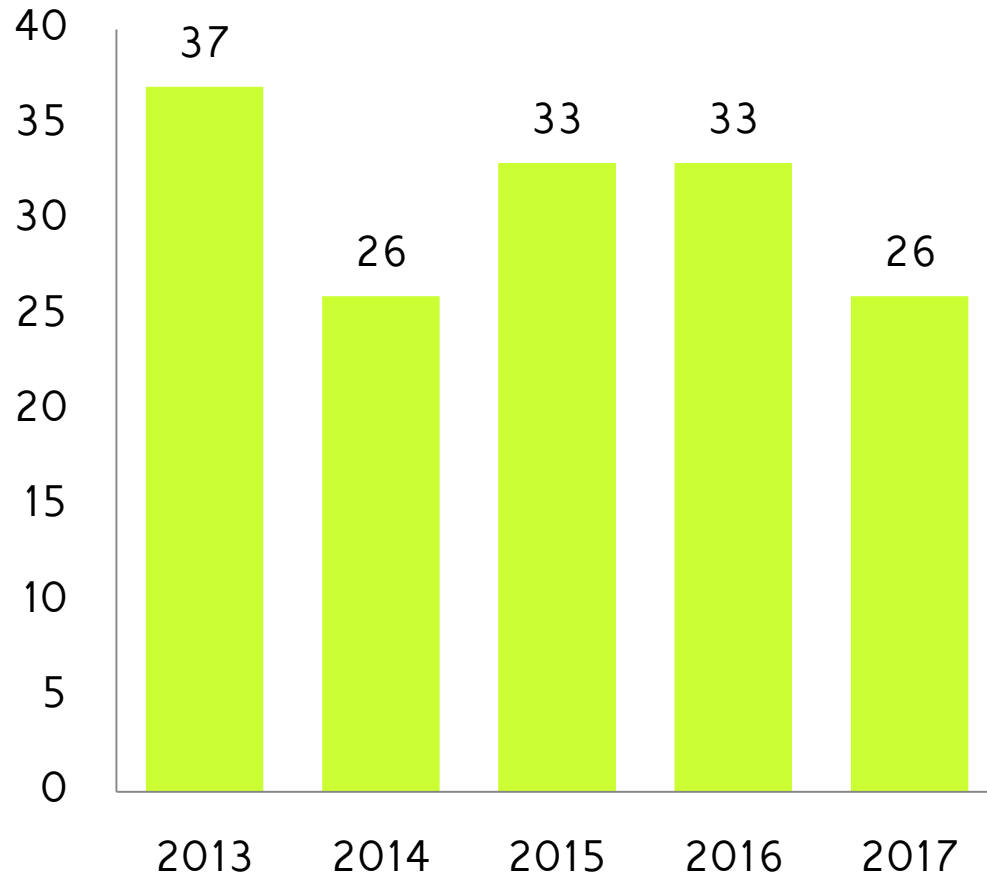
# Education – KPJ Healthcare University College

Hospitals / Facilities	3Q2018	3Q2017	Var (%)
No of Students	2,331	2,515	(7.3)
<p>Academic Program</p> <p>KPJ offered 33 programmes ranging from the Foundation to PhD levels at all campus.</p>			
<p><u>Faculties</u></p> <ol style="list-style-type: none"> <li>1. School of Medicine</li> <li>2. School of Pharmacy</li> <li>3. School of Nursing</li> <li>4. School of Health Sciences</li> <li>5. School of Business &amp; Management</li> <li>6. Centre for Global Professional and Social Development</li> </ol>			
<p><u>Courses</u></p> <ol style="list-style-type: none"> <li>1 PHD</li> <li>7 Master</li> <li>9 Bachelor</li> <li>8 Diploma</li> <li>8 Certificate / Foundation</li> </ol>			

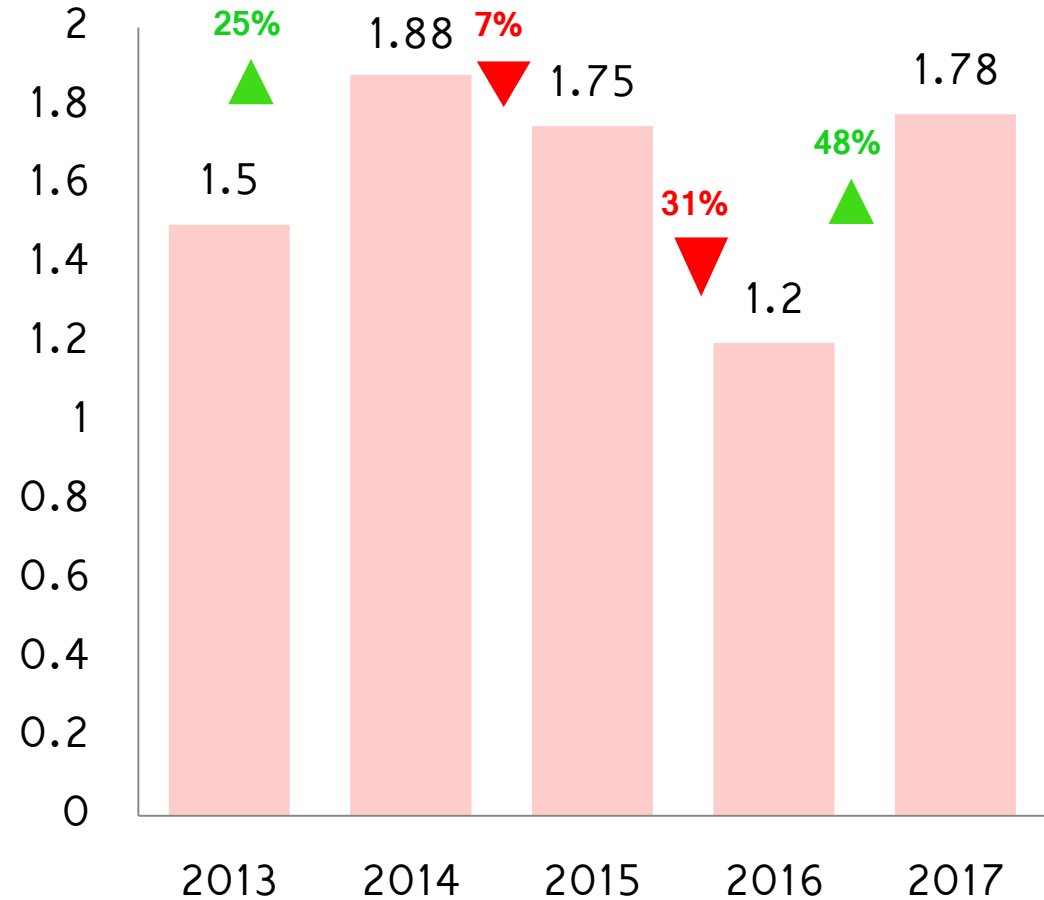
# Key Financial Highlights

*FY2012–FY2017*

PER Historical



Dividend (sen) \*

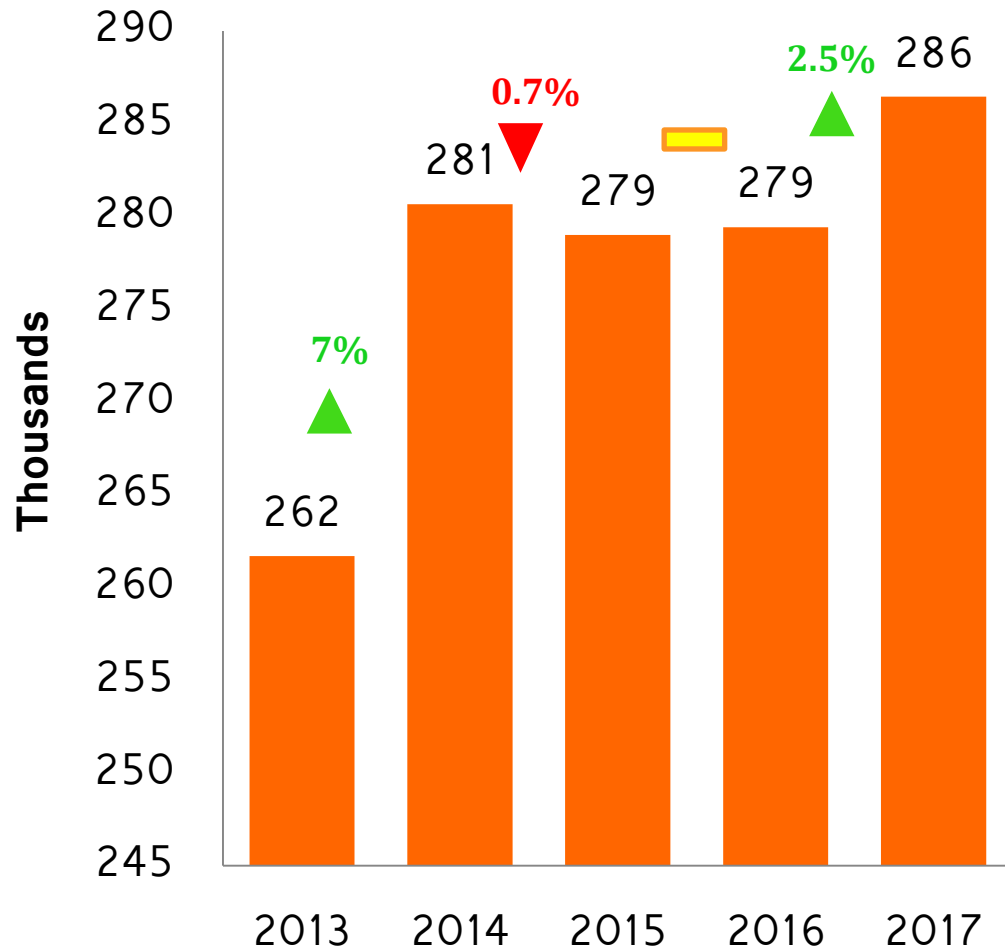


*\*Dividend per share re-stated to reflect subdivision of shares in Sept 2017*

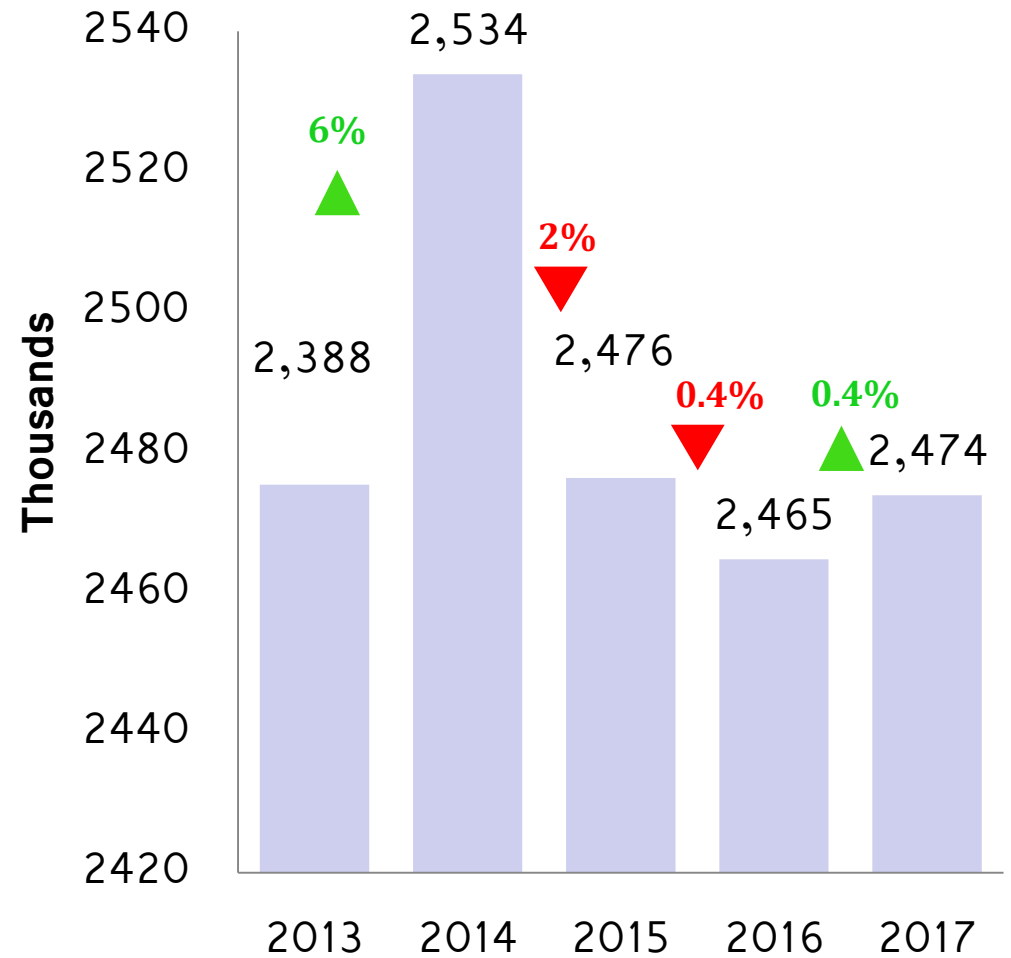
# Key Operational Highlights

*FY2012–FY2017*

## No of Inpatients



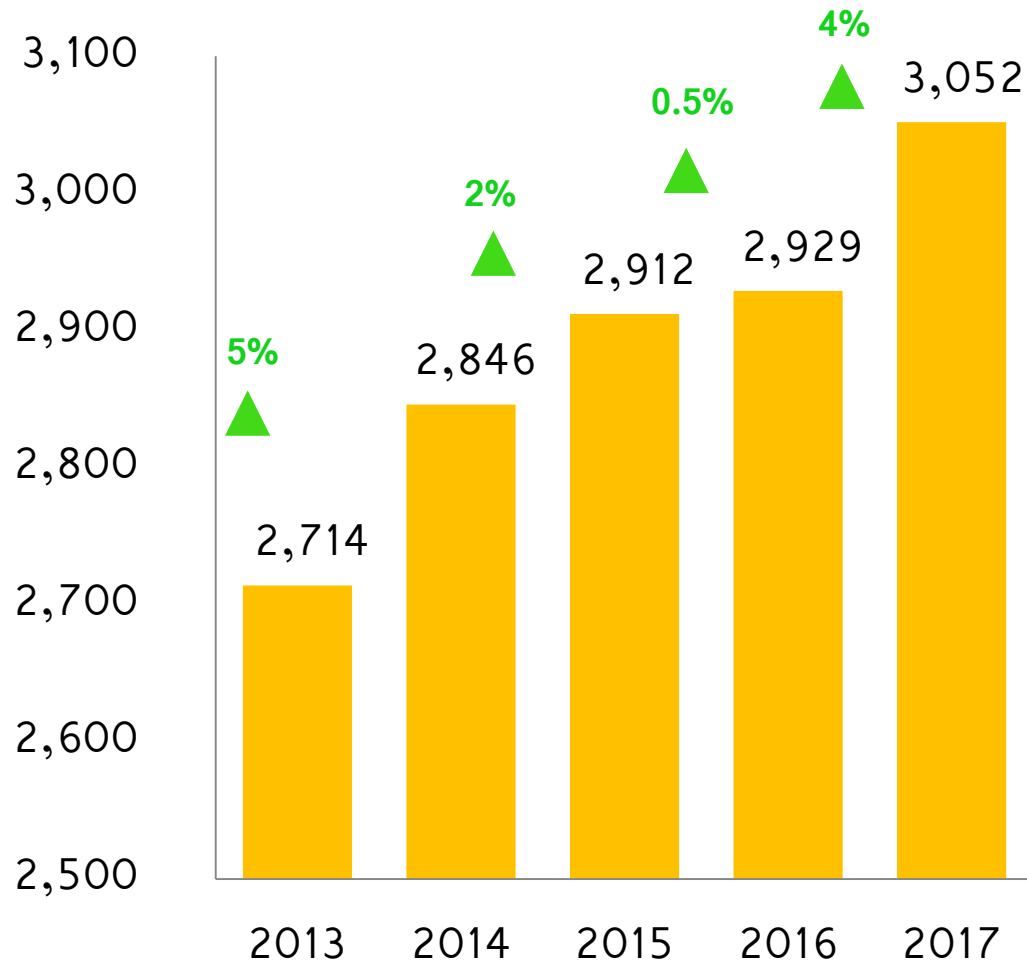
## No of Outpatients



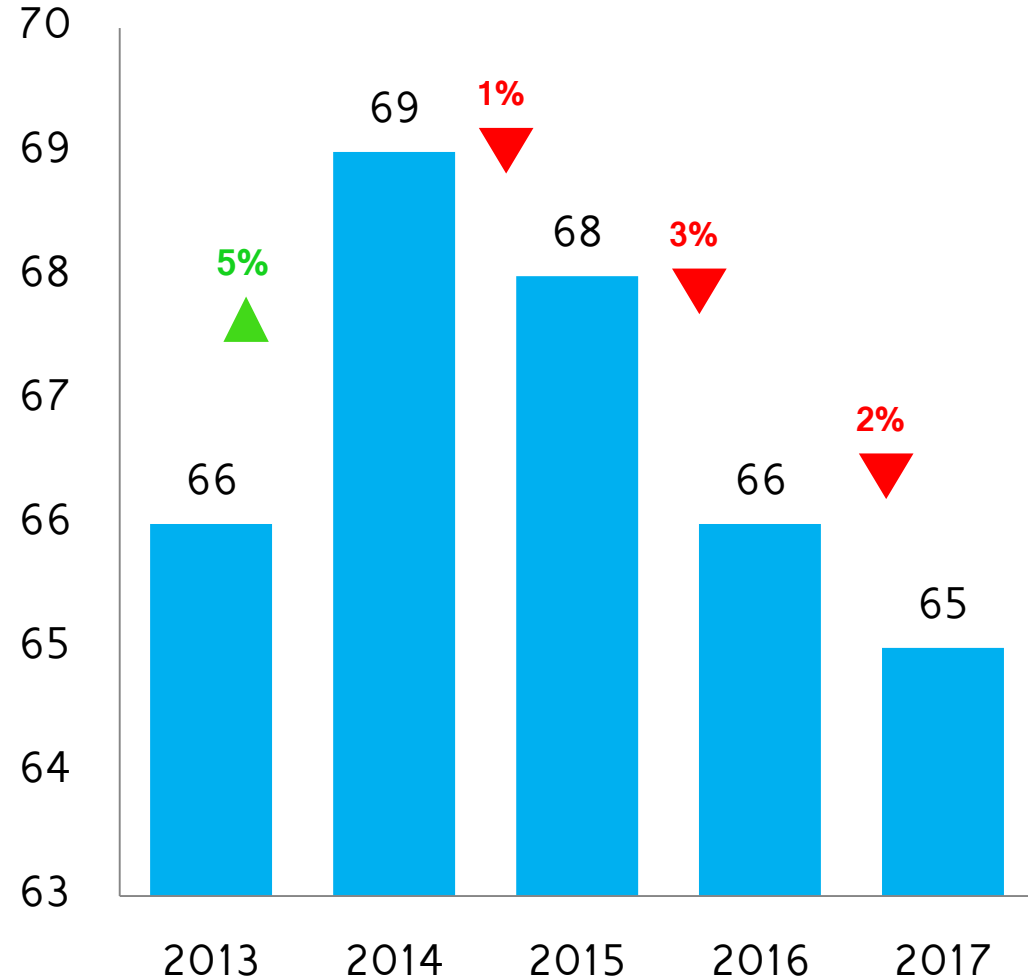
# Key Operational Highlights

*FY2012–FY2017*

No of Operating Beds

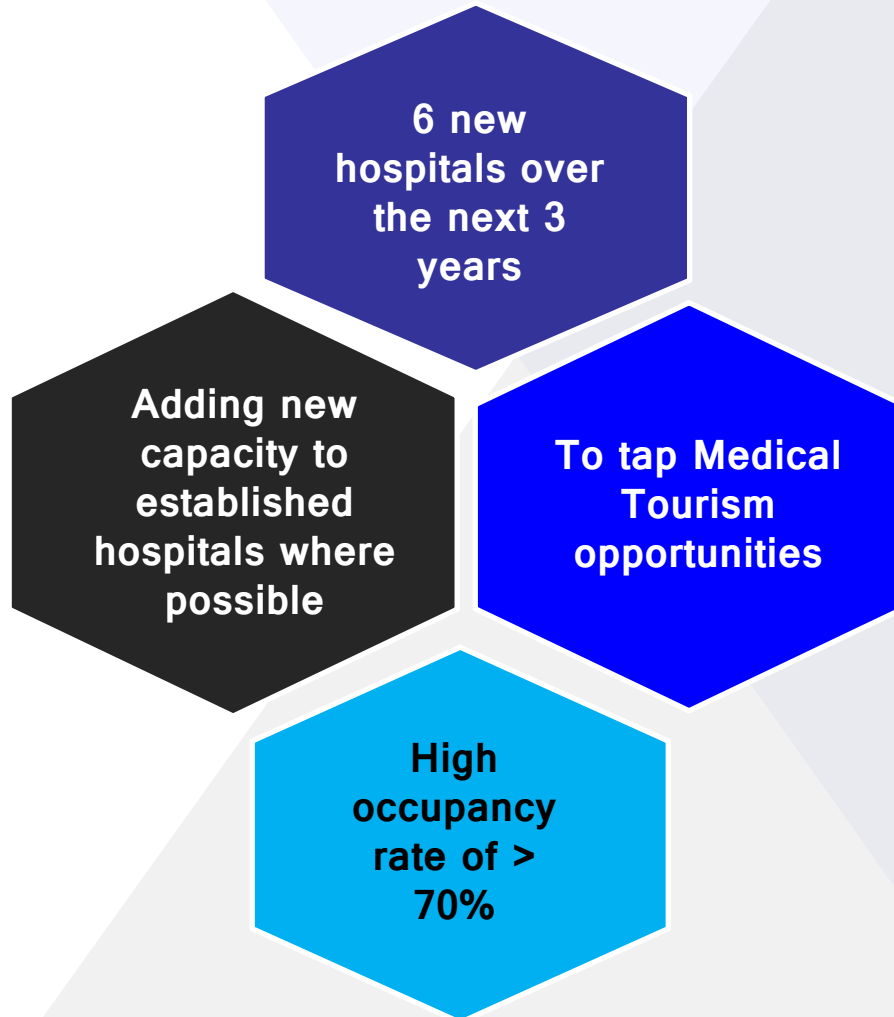


Occupancy Rates (%)



# Growth & Strengthening Capacity

## Expanding Network



## Growth Strategies

### > *Delivering Safe and Excellent Services*

Compliance with MOH & Clinical Governance guidelines

### > *Certification, Accreditation & Standards*

18 Accredited hospitals , 4 JCI Accredited hospitals

### > *Patient Satisfaction*

Hospitals expansion

Qualified consultants and quality nurses

### > *Health Tourism*

Strong cooperation with Malaysian Govt – ETP, MHTC, MOH & Tourism Malaysia (targeting tourists arrivals from Indonesia, China, Middle East, East Africa & Indochina)

### > *Explore Niche Market*

~Ageing population – Senior Living Care~

(Jeta Gardens Australia, Sibu Geriatric & Tawakkal Health Centre, Kuala Lumpur)

~Pharmacy outlets~

(KPJ Selangor, KPJ Damansara & KPJ Pahang)



# Medical Tourism

## KPJ's Involvement

- MHTC
- MOH
- Tourism Malaysia
- Govt / Corporates targets

## Marketing agents in target market

- INDONESIA
- MENA Countries
- CHINA
- PACIFIC ISLAND

## Opportunities

- Price advantage over regional peers
- World class facilities
- Reputable & talented doctors pool

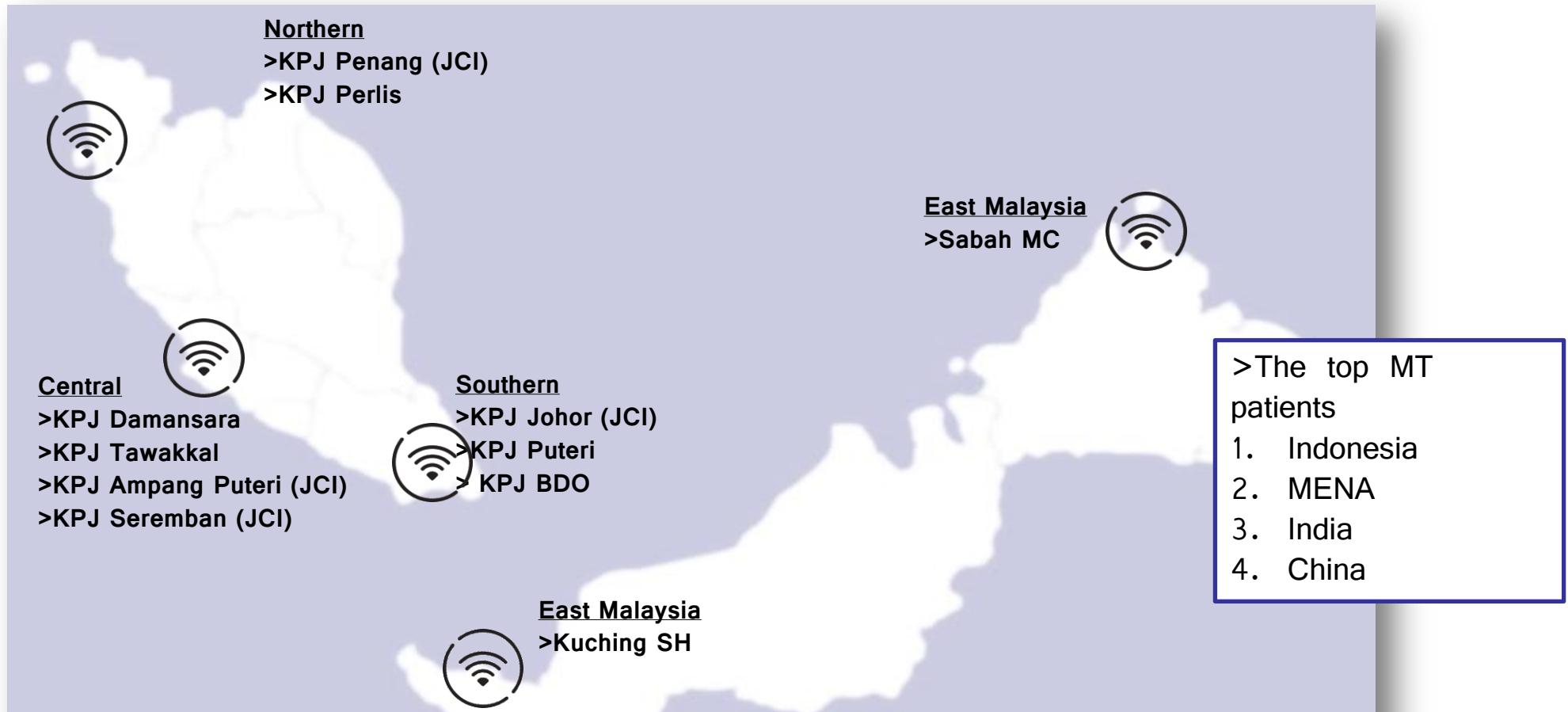


## Limitations

- Hospital capacity constraint
- No price differential
- Logistic ease



# Medical Tourism KPJ MT Hub



Comparison of Healthcare Travelers to Malaysia between 2013-2016

Year	2011	2012	2013	2014	2015	2016
No. of Healthcare Travellers	641,000	728,800	881,000	882,000	850,000	921,000

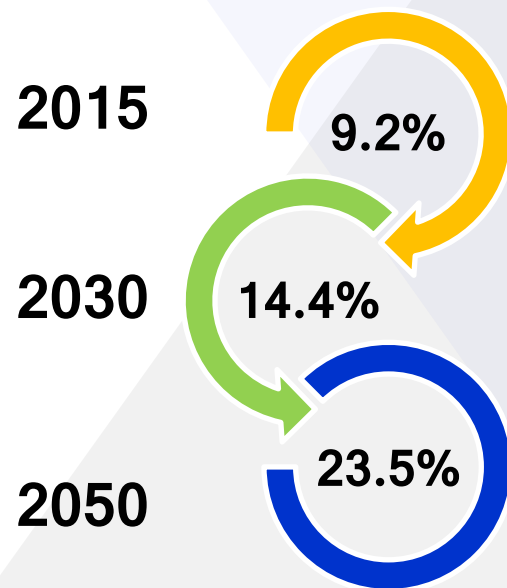
Source:  
 Malaysia Health Travel Council

# Aged Care Projection of Elderly Population

## Malaysia - Amongst the World's Best Places to Retire in 2018

<https://internationalliving.com/the-best-places-to-retire/>

> By 2050, 20% of Malaysian population will be over 60 years old.



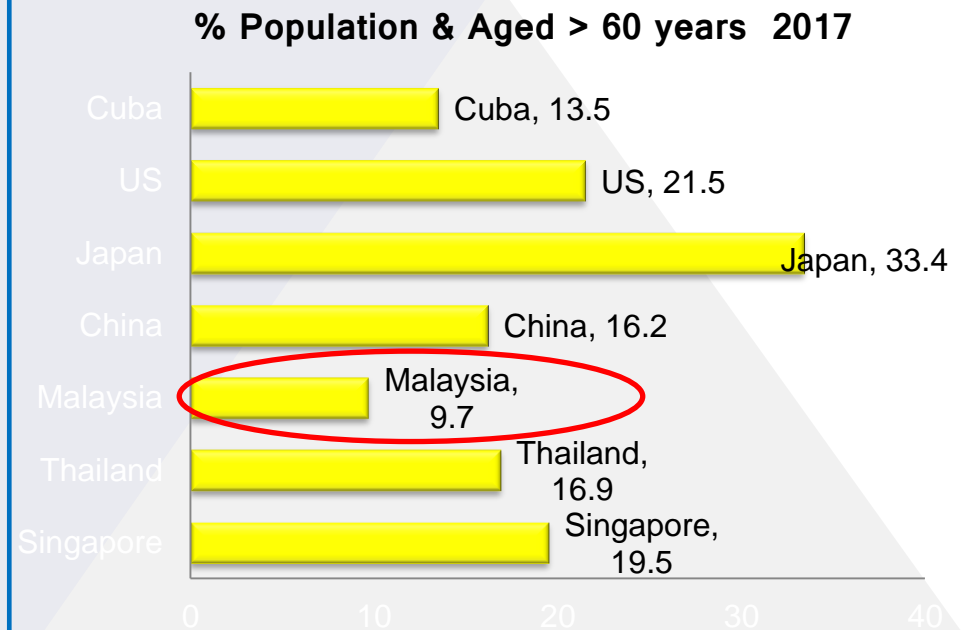
Source :

>MOH ( Overview Of Development Of Malaysia Healthcare Towards Medical Tourism, 15 June 2015 )

>Global Age Watch Index 2015

### Challenges

- . Culture
- . Legal framework
- . Funding mechanism



Source : United Nations, World Population Ageing 2017 Highlights

# Aged Care & KPJ Business of the future

## Facilities

- **MALAYSIA - Senior Living Care**
  - Tawakkal Health Centre (pilot)
  - Sibu Geriatric
  - KPJ Kuantan Wellness



## > KPJ Presence in Aged Care Segment

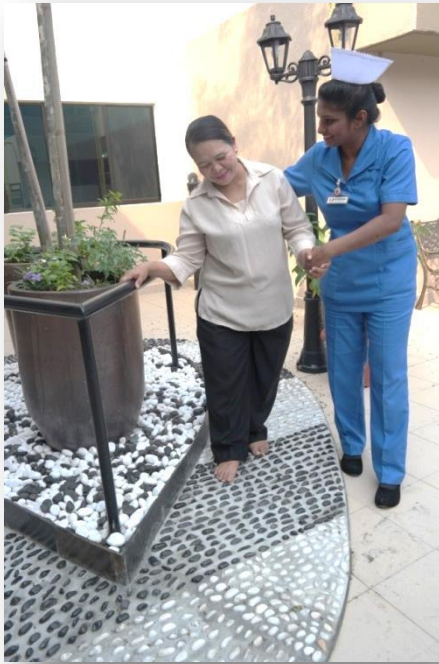
Distribution of elderly population (above 60) by state (2020 projection)

State	% elder population	Remarks
Selangor	16%	*KPJ Ampang *KPJ Damansara
Johor	12%	*Coronation Square *KPJ BDO *KPJ Puteri *KPJ Johor
Sarawak	9%	Sibu Geriatric
Kuala Lumpur	6%	Tawakkal Health Centre
Pahang	6%	^KPJ Kuantan Wellness

\* Planning

^ Opened in Feb 2018

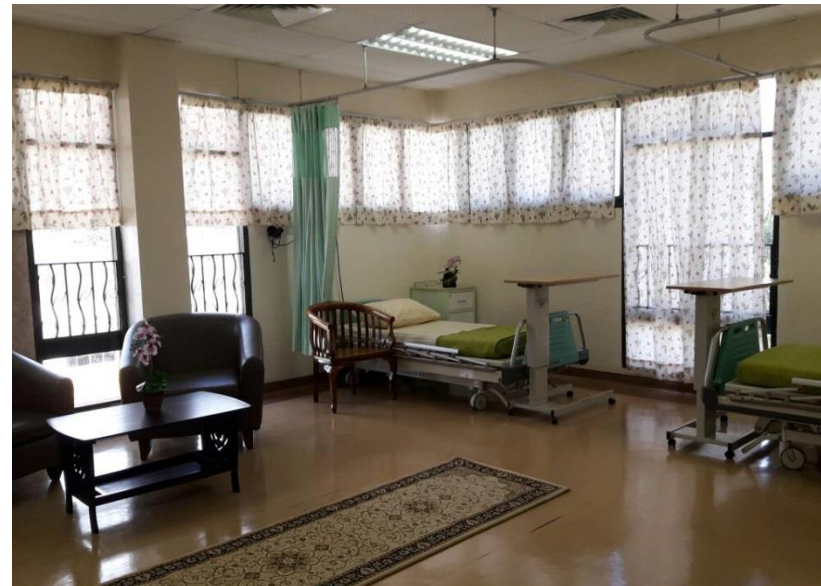
# KPJ Tawakkal Health Centre Senior Living Care



# KPJ Kuantan Health Centre *Senior Living Care*



Opened in 19  
Feb and  
received 1<sup>st</sup>  
patient on 23  
Feb



# Network Expansion *New Hospitals*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING
BDO	Johor	150	90	3Q2018#	4Q2018
Miri	Sarawak	96	60	1Q2019	2Q2019
Kuching	Sarawak	150	114	1Q2019	2Q2019
UTM	Johor	150	60	TBA	TBA
K/Bayuemas	Selangor	90	90	TBA	TBA
Melaka	Melaka	150	60	TBA	TBA

**Total Beds**

**786**

**474**

# Completed

# Network Expansion – New Hospitals 2018

KPJ Perlis – Opened on 17 May 2018

**KPJ PERLIS OPENS  
IN THE NATION'S NORTHERN-MOST STATE**



**Official Launch of KPJ  
Perlis Specialist Hospital**

**1<sup>st</sup> November 2018**





# Network Expansion – New Hospitals 2018

KPJ Perlis – Opened on 17 May 2018



# KPJ Perlis Specialist Hospital



**Beds** Capacity : 90

First phase : **21 beds**

**6 Services :**

ENT  
General Surgery  
Obstetric & Gynaecology  
Anaesthesiology  
Orthopaedic  
Radiology



**9 Specialist  
Consultants**

# Network Expansion – New Hospitals

KPJ Bandar Dato' Onn Specialist Hospital, Johor Bahru



# Network Expansion – New Hospitals

KPJ Bandar Dato' Onn Specialist Hospital, Johor Bahru

(will be opened in 3Q2018)



# KPJ Bandar Dato' Onn Specialist Hospital



**Beds** Capacity : 150

First phase : **30 beds**



**9 Specialist  
Consultants**

**9 Services:**

Anaesthesiology  
General Internal Medicine  
Internal Medicine & Geriatrics  
Internal Medicine & Cardiology  
Obstetrics & Gynaecology  
Orthopaedic  
Oncology  
Paediatrics  
Radiology



Our new flagship hospital – target opening 4Q2018

# Network Expansion – New Hospitals 2019

BDC Kuching Specialist Hospital, Kuching



KPJ Miri Specialist Hospital, Miri



# BDC Kuching Specialist Hospital, Kuching



**Beds** Capacity : 150

First phase : **114 beds**

**10 Services :**

- Anaesthesiology & Critical Care
- Cardiology
- ENT
- General Surgery
- Obstetrics & Gynaecology (O&G)
- Ophthalmology
- Orthopaedic Surgery
- Paediatrics
- Radiology
- Urology



**19 Specialist  
Consultants**

# Network Expansion *New Hospitals – lease*

PROJECT	LOCATION	TOTAL CAPACITY (Beds)	OPERATING BEDS	COMPLETION	OPENING	LEASE PERIOD
KPJ Batu Pahat	Batu Pahat	150	57	2018	TBA	30 years (6+3yrs up to 30 years)
Kluang Specialist	Kluang	150	60	2019	TBA	30 years (15+15yrs)
KPJ Damansara	Sg Penchala	300	120	2019	TBA	30 years (15+15yrs)

<b>Total Beds</b>	<b>600</b>	<b>237</b>
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# Network Expansion– New hospital–lease

KPJ Batu Pahat Specialist Hospital  
Batu Pahat



Kluang Specialist Hospital  
Kluang



KPJ Damansara Empire  
Specialist Hospital  
Kuala Lumpur

# Network Expansion *Hospital Expansion*

HOSPITALS	DESCRIPTION	OPERATING BEDS 1 <sup>st</sup> PHASE	COMPLETION	OPENING
KPJ Johor	Beds	40	2Q2018	3Q2018#
KPJ Seremban	Beds	90	1Q2017*	1Q2019
Taiping	Clinics	16	3Q2018*	4Q2018
KPJ Ampang	Beds	87	4Q2018	1Q2019
	Clinics	24		
Sri Manjung	Beds	30	3Q2019	4Q2019
	Clinics	14		
KPJ Puteri	Beds	101	4Q2019	1Q2020
KPJ Klang	Beds	78	3Q2019	4Q2019
KPJ Perdana	Beds	45	3Q2019	4Q2019
	Clinics	35		
KPJ Penang	Beds	155	1Q2021	2Q2021

<b>Total Beds</b>	<b>626</b>
<b>Total Clinics</b>	<b>89</b>

\* Completed  
# Opened

# Network Expansion – Existing hospitals 2018

KPJ Johor Specialist Hospital



KPJ Seremban Specialist Hospital



Taiping Medical Centre



KPJ Ampang Puteri Specialist Hospital



# K P J C H A L L E N G E S



## B40 Health Protection Insurance

- Provide **free protection against the top 4 critical illness** (heart, stroke, kidney & cancer) for up to RM8,000
- Up to 14 days of hospitalisation income cover at RM50/day or RM700/year starting 1 January 2019



## Dispensing Separation

- Dispensing separation will ultimately burden the patient both in terms of **time and money**.
- There are also concerns regarding the **availability of retail pharmacies** in areas outside big cities and after hours.
- **KPJ strategies**
  - Retail pharmacy outlets
  - E-prescription



THANK YOU